

EXHIBIT M
(PUBLIC VERSION)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 20-F

- ☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- For the fiscal year ended December 31, 2020
- OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
- OR
- ☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number 001-15122

CANON KABUSHIKI KAISHA

(Exact name of Registrant in Japanese as specified in its charter)

CANON INC.

(Exact name of Registrant in English as specified in its charter)

JAPAN

(Jurisdiction of incorporation or organization)

30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo 146-8501, Japan

(Address of principal executive offices)

Sachiho Tanino, +81-3-3758-2111, +81-3-5482-9680, 30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo 146-8501, Japan

(Name, Telephone, Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|-------------------|--|
| (1) American Depositary Shares ("ADSs"), each of which represents one share | CAJ | New York Stock Exchange |
| (2) Common Stock (the "shares")* | | |

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

* Not for trading, but only for technical purposes in connection with the registration of ADSs.

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Item 4. Information on the Company

A. History and development of the Company

Canon Inc. is a joint stock corporation (*kabushiki kaisha*) formed under the Corporation Law of Japan. Its principal place of business is at 30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo 146-8501, Japan. The telephone number is +81-3-3758-2111.

The Company was incorporated under the laws of Japan on August 10, 1937 to produce and sell Japan's first focal plane shutter 35mm still camera, which was developed by its predecessor company, Precision Optical Research Laboratories, which was organized in 1933.

In the late 1950s, Canon entered the business machines field utilizing technology obtained through the development of photographic and optical products. With the successful introduction of electronic calculators in 1964, Canon continued to expand its operations to include plain paper copying machines, faxes, laser printers, bubble jet printers, computers, video camcorders and digital cameras. In 2016, Canon acquired Toshiba Medical Systems Corporation ("CMSC" as of January 4, 2018) and has expanded its medical business.

In 2020, 2019, and 2018, Canon's increases in property, plant and equipment were ¥132,302 million, ¥178,088 million and ¥159,316 million, respectively. In 2019, the increases in property, plant and equipment were mainly used to expand production capabilities in both domestic and overseas regions, and to bolster Canon's production-technology-related infrastructure. In addition, Canon has been continually investing in tools and dies for business machines, in which the amount invested is generally the same each year.

For 2021, Canon projects to invest in property, plant and equipment of approximately ¥160,000 million. This amount is expected to be spent for investments in new production plants and new facilities of Canon. Canon anticipates that the funds needed for this increase will be generated internally through operations.

The SEC maintains a website at <https://www.sec.gov> that contains reports and proxy information regarding issuers that file electronically with the SEC. Some of the information may also be found on our website at <https://global.canon/en>.

B. Business overview

Canon is one of the world's leading manufacturers of office MFDs, plain paper copying machines, laser printers, cameras, inkjet printers, diagnostic equipment and lithography equipment.

Canon sells its products principally under the Canon brand name and through sales subsidiaries. Each of these subsidiaries is responsible for marketing and distribution to retail dealers in an assigned territory. In 2020, 74.5% of consolidated net sales were generated outside of Japan, with approximately 27.0%, 25.2% and 22.3% generated in the Americas, Europe and Asia and Oceania, respectively.

Canon's strategy is to develop innovative, high value-added products incorporating advanced technologies.

Canon's research and development activities range from basic research to product-oriented research directed at maintaining and increasing Canon's technological leadership in the marketplace.

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As a concerned member of the world community, Canon emphasizes recycling and has increased its use of clean energy sources and cleaner manufacturing processes. Canon has also launched programs to collect and recycle used Canon cartridges and to refurbish used Canon copying machines. In addition, Canon has removed virtually all environmentally unfriendly chemicals from its manufacturing processes.

Products

Canon operates its business in four segments: the “Office Business Unit,” the “Imaging System Business Unit,” the “Medical System Business Unit”, and the “Industry and Others Business Unit”.

- Office Business Unit –

Canon manufactures, markets and services a full range of office MFDs, printers, copying machines for personal and office use and production print products for print professionals. Canon also delivers added value to customers through software, services and solutions. Canon’s offerings cater to a broad market from Small Office Home Office (“SOHO”), and Small and Midsize Business (“SMB”) to large enterprises and professional graphic arts companies.

In the industry, customer preference has been shifting from monochrome to color products and from hardware to services and solutions. Especially in the professional print market, customers are increasingly turning to short-run, print-on-demand and variable data printing. The importance of connectivity, security, mobility, integration, workflow and cloud-based web services is growing, and such added value is increasingly delivered together with hardware. Canon seeks to maintain its position as a market leader in these fast-changing markets.

In 2020, Canon expanded its hardware offerings by providing “image RUNNER ADVANCE DX” with advanced scanning, security and cloud based features. Canon is also providing a software named “uniFLOW” Online which enabled the new “image RUNNER ADVANCE DX” to connect to cloud services. Canon expanded our Multi-Function Printer (“MFP”) capability by using the new software solution technology.

To maintain and enhance its competitive edge and to meet increasingly sophisticated customer demands, Canon is committed to the continued reinforcement of Canon’s hardware and software offerings and solutions capability.

As for laser printers, Canon has focused on expanding sales of high value-added products from mid to high-end class, especially for MFP, however, it was affected due to low office print usage driven by COVID-19. Meanwhile, demand for low-mid class of printers are recovering with work/learn-from-home needs. Canon is experiencing fierce competition from aggressive competitors in the laser printer market and an eventual decline in sales prices of printers and consumable cartridges is becoming a major threat, in addition to concerns over lagging growth of the entire market affected by decrease in demand for printing, which is caused by change in users’ printing behavior due to the prevalence of smartphones, cloud computing, etc.

In response, Canon aims to accelerate current momentum to increase sales volume and market share by enhancing competitiveness like driving contractual business which engages with customers for a certain period, accompanied with leveraging technical innovation and so forth. Furthermore, Canon aims to maximize business efficiency through continuous efforts to reduce costs and optimize its supply chain.

- Imaging System Business Unit –

Canon manufactures and markets digital cameras, as well as lenses and various related accessories.

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Solutions that combine network cameras and video analytics software are expanding beyond security applications as part of social infrastructure, and the market is expanding commensurate with the growth of cloud businesses. Canon's solution offerings, which combines its lineup of network cameras capable of meeting diverse customer needs and video analytics software utilizing AI are steadily gaining ground as it expands its domestic and overseas channels. This year, the social needs for grasping the congestion situation increased rapidly due to COVID-19. In this context, the Canon Group quickly made proposals to the market for solutions that combine people count, crowd count, passer-by count, and the silhouetting of moving objects so that the situation can be monitored remotely and in real time.

Going forward, Canon continues to aim to be the global leader in network visual solutions by strengthening cooperation among the Canon Group companies, including Axis, Milestone and BriefCam accelerating the integration of technologies, and providing optimal solutions.

In the medium to long term, demand for sports relay broadcasting in developed countries and demand for 4K transmission in emerging countries are expected to remain strong, but the market for broadcast lenses has been temporarily stagnant due to the postponement of large-scale events caused by COVID-19. Among these, Canon will stimulate demand by launching the portable zoom lens "CJ20eX5B", which is ideal for sports broadcasts and various program production locations, and will respond to the diverse needs of production sites by further expanding the lineup of 4K broadcasting lenses.

In the digital video camera market, Canon has responded to the diverse needs of production sites seeking high-definition video expression. In the digital cinema camera field, Canon strengthened and expanded its lineup with the launch of "EOS C 300 MKIII" and "EOS C 70". In the field of 4K professional video cameras, demand for streaming video due to the COVID-19 is rapidly increasing. Canon will continue to contribute to the development of video culture by responding to a wide range of professional needs in the field of video production by introducing products that reflect changes in market conditions.

As a new video solution, Canon developed and launched the Video Analysis software "Vision-based Navigation Software" using "Visual SLAM (Simultaneous Localization and Mapping) technology" that simultaneously performs self-localization and environmental mapping. By providing this video analysis systems as robot's eye to collaborative companies, Canon aims to contribute to the productivity improvement and automation of logistics operations, and to equip service robots used in various applications such as cleaning, transportation, security, inspection, and exploration.

NET SALES BY SEGMENT

The following table presents our net sales by segment for each of the periods shown.

| | Years ended December 31 | | | | |
|---------------------|---|---------------|------------------|--------------|------------------|
| | 2020 | change | 2019 | change | 2018 |
| | (Millions of yen, except percentage data) | | | | |
| Office | 1,440,212 | -17.8% | 1,752,107 | -6.2% | 1,868,355 |
| Imaging System | 712,238 | -11.8 | 807,414 | -16.8 | 970,435 |
| Medical System | 436,074 | -0.6 | 438,525 | 0.2 | 437,578 |
| Industry and Others | 654,813 | -4.9 | 688,433 | -12.0 | 781,887 |
| Eliminations | (83,094) | — | (93,180) | — | (106,318) |
| Total | <u>3,160,243</u> | <u>-12.1%</u> | <u>3,593,299</u> | <u>-9.1%</u> | <u>3,951,937</u> |

Notes:

1. From the beginning of the first quarter of 2019, Canon has reclassified certain businesses from the Imaging System Business Unit to the Industry and Others Business Unit.

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2. Based on the realignment of Canon's internal reporting and management structure, from the beginning of the first quarter of 2020, Canon has reclassified certain businesses from the Industry and Others Business Unit to the Office Business Unit. Operating results for the fiscal years ended December 31, 2019 and 2018 also have been reclassified.

NET SALES BY GEOGRAPHIC AREA

The following table presents our net sales by geographic area for each of the periods shown.

| | Years ended December 31 | | | | |
|------------------|---|---------------|------------------|--------------|------------------|
| | 2020 | change | 2019 | change | 2018 |
| | (Millions of yen, except percentage data) | | | | |
| Japan | 806,305 | -7.6% | 872,534 | 0.3% | 869,577 |
| Americas | 852,451 | -17.2 | 1,029,078 | -4.4 | 1,076,402 |
| Europe | 795,616 | -9.8 | 882,480 | -13.1 | 1,015,428 |
| Asia and Oceania | 705,871 | -12.8 | 809,207 | -18.3 | 990,530 |
| Total | <u>3,160,243</u> | <u>-12.1%</u> | <u>3,593,299</u> | <u>-9.1%</u> | <u>3,951,937</u> |

Seasonality

Canon's sales for the fourth quarter are typically higher than for the other three quarters, mainly due to strong demand for consumer products, such as cameras and inkjet printers, during the year-end holiday season.

In Japan, corporate demand for office products peaks in the first quarter, as many Japanese companies end their fiscal year in March. Sales also tend to increase at the start of the new school year in each region.

Sources of supply

Canon purchases materials such as glass, aluminum, plastic, steel and chemicals for use in various product components and in the manufacturing process. Canon procures raw materials from all over the world and selects suppliers based on a number of criteria, including environmental friendliness, quality, cost, supply stability and financial condition.

Prices of some raw materials fluctuate according to market trends. Although Canon is currently focusing on globalizing supplies and improving raw material resource management strategies, and believes that it will be able to continue procuring sufficient quantities of raw materials to meet its needs, there can be no assurance that supply shortages will not occur or that raw materials, such as crude oil, will be available at competitive prices, or at all, in the future.

Marketing and distribution

Canon sells its products primarily through subsidiaries organized under regional marketing subsidiaries: Canon Marketing Japan Inc. in Japan; Canon U.S.A., Inc. in North and South America; Canon Europe Ltd. and Canon Europa N.V. in Europe, Russia, Africa and the Middle East; Canon (China) Co., Ltd. in Asia outside Japan; and Canon Australia Pty. Ltd. in Oceania. Each subsidiary is responsible for its own market research and for

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with entities controlled by those governments. Total net sales to Syria and Sudan in the year ended December 2020 was one-tenth of one percent (0.1%) or less of Canon's total consolidated net sales for that period. Canon does not believe the transactions with Syria and Sudan are material, either individually or in the aggregate, in quantitative or in qualitative terms.

C. Organizational structure

Canon Inc. and its subsidiaries and affiliates form a group of which Canon Inc. is the parent company. As of December 31, 2020, Canon Inc. had 343 consolidated subsidiaries and 9 affiliated companies accounted for by the equity method.

The following table lists the significant subsidiaries owned by Canon, all of which are consolidated as of December 31, 2020.

| Name of company | Head office location | Proportion of ownership interest owned | Proportion of voting power held |
|-----------------------------------|-----------------------------|--|---------------------------------|
| Canon Marketing Japan Inc. | Tokyo, Japan | 57.8% | 58.5% |
| Canon U.S.A., Inc. | New York, U.S.A. | 100.0% | 100.0% |
| Canon Europa N.V. | Amstelveen, The Netherlands | 100.0% | 100.0% |
| Canon Medical Systems Corporation | Tochigi, Japan | 100.0% | 100.0% |

D. Property, plants and equipment

Canon's manufacturing is conducted primarily at 29 plants in Japan and 14 plants in other countries and regions. Canon owns all of the buildings and the land on which its plants are located, with the exception of certain immaterial leases of land and floor space of certain of its subsidiaries. The names and locations of Canon's plants and other facilities, their approximate floor space and the principal activities and products manufactured therein as of December 31, 2020 are as follows:

| Name and location | Floor space (including leased space) (Thousands of square feet) | Principal activities and products manufactured |
|--|--|---|
| Domestic | | |
| Headquarters, Tokyo | 2,564 | R&D, corporate administration and other functions |
| Canon Global Management Institute, Tokyo | 166 | Training and administration |
| Kawasaki Office, Kanagawa | 1,882 | R&D and manufacturing of production equipment and semiconductor devices; R&D of laser printers and toner cartridges |
| Kosugi Office, Kanagawa | 378 | Development of medical equipment, Human resources development training (except for technical training) |
| Fuji-Susono Research Park, Shizuoka | 932 | R&D in electrophotographic technologies |
| Ayase Plant, Kanagawa | 394 | R&D and manufacturing of semiconductor devices |

Hiratsuka Plant, Kanagawa

930 R&D of display products and manufacturing of semiconductor devices

Tamagawa Office, Kanagawa

384 Quality engineering

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(viii) Conditions for exercise of stock acquisition rights:

(a) Those to whom stock acquisition rights are allotted (the “Holder(s)”) shall be entitled to exercise all the stock acquisition rights together within 10 days (in case the last day is not a business day, the following business day) from the day immediately following the day when they cease to hold any position as a Director or an Executive Officer of the Company.

(b) In the event that the Company recognizes any violation of laws and regulations, misconduct of the duties, act conflicting with the duty of due care or duty of loyalty, or any other act equivalent thereto of the Holder, the Company may limit, subject to a resolution by the Board of Directors of the Company, the number of offered stock acquisition rights that may be exercised by such Holder.

(ix) Events regarding the Company’s acquisition of stock acquisition rights:

If a proposal for the approval of a merger agreement under which the Company will become a disappearing company, a proposal for the approval of a company split agreement or a company split plan under which the Company will become a split company or a proposal for the approval of a share exchange agreement or a share transfer plan under which the Company will become a wholly owned subsidiary is approved by the Company’s shareholders at a Meeting of Shareholders (or by the Board of Directors if no resolution of a Meeting of Shareholders is required for such approval), the Company will be entitled to acquire the stock acquisition rights, without compensation, on a date separately designated by the Board of Directors.

C. Board practices

See Item 6A “Directors and senior management” and Item 6B “Compensation.”

D. Employees

The following table shows the numbers of Canon’s employees as of December 31, 2020, 2019 and 2018.

| | <u>Total</u> | <u>Japan</u> | <u>Americas</u> | <u>Europe</u> | <u>Asia and Oceania</u> |
|---------------------|----------------|---------------|-----------------|---------------|-------------------------|
| December 31, 2020 | | | | | |
| Office | 91,109 | 30,987 | 10,601 | 15,162 | 34,359 |
| Imaging System | 48,943 | 15,674 | 1,356 | 1,714 | 30,199 |
| Medical System | 12,602 | 6,882 | 2,212 | 1,753 | 1,755 |
| Industry and Others | 20,789 | 10,389 | 1,138 | 3,901 | 5,361 |
| Corporate | 8,454 | 8,406 | — | 48 | — |
| Total | <u>181,897</u> | <u>72,338</u> | <u>15,307</u> | <u>22,578</u> | <u>71,674</u> |
| December 31, 2019 | | | | | |
| Office | 91,664 | 31,588 | 9,182 | 14,057 | 36,837 |
| Imaging System | 48,341 | 16,254 | 1,797 | 1,506 | 28,784 |
| Medical System | 12,212 | 6,447 | 2,305 | 1,729 | 1,731 |
| Industry and Others | 26,607 | 10,522 | 4,923 | 5,785 | 5,377 |
| Corporate | 8,217 | 8,168 | — | 49 | — |
| Total | <u>187,041</u> | <u>72,979</u> | <u>18,207</u> | <u>23,126</u> | <u>72,729</u> |

| | | | | | |
|---------------------|----------------|---------------|---------------|---------------|---------------|
| December 31, 2018 | | | | | |
| Office | 95,052 | 32,516 | 9,450 | 15,200 | 37,886 |
| Imaging System | 53,049 | 16,699 | 2,291 | 1,801 | 32,258 |
| Medical System | 11,759 | 6,200 | 1,975 | 1,744 | 1,840 |
| Industry and Others | 26,763 | 9,750 | 4,645 | 6,484 | 5,884 |
| Corporate | 8,433 | 8,295 | — | 52 | 86 |
| Total | <u>195,056</u> | <u>73,460</u> | <u>18,361</u> | <u>25,281</u> | <u>77,954</u> |

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Basically, the Company and its subsidiaries have their own independent labor union. The Company believes that the relationship between Canon and its labor union is good.

E. Share ownership

The following table shows the numbers of shares owned by the directors and Audit & Supervisory Board Members of the Company as of March 31, 2021. The total is 261,316 shares, constituting 0.02% of all outstanding shares.

| Name | Position | Number of shares |
|------------------|----------------------------------|-------------------------|
| Fujio Mitarai | Chairman & CEO | 139,644 |
| Toshizo Tanaka | Executive Vice President & CFO | 24,010 |
| Toshio Homma | Executive Vice President & CTO | 63,952 |
| Kunitaro Saida | Director | 9,300 |
| Yusuke Kawamura | Director | 0 |
| Ryuichi Ebinuma | Audit & Supervisory Board Member | 15,200 |
| Hiroaki Sato | Audit & Supervisory Board Member | 2,410 |
| Yutaka Tanaka | Audit & Supervisory Board Member | 400 |
| Hiroshi Yoshida | Audit & Supervisory Board Member | 4,400 |
| Koichi Kashimoto | Audit & Supervisory Board Member | 2,000 |
| | Total | 261,316 |

The number of shares that may be subscribed for under rights granted to the Directors and Audit & Supervisory Board Members, listed above, pursuant to the stock option plan approved by the stockholders on March 29, 2018 was 59,900 shares of common stock. The exercise price of the rights is ¥1 per share and those to whom stock acquisition rights are granted (the “Holder(s)”) shall be entitled to exercise all the stock acquisition rights together within 10 days (in case the last day is not a business day, the following business day) from after the date when they cease to hold any position as a director or an executive officer of the Company. The exercisable period of acquisition rights is from May 2, 2018 to May 1, 2048.

The number of shares that may be subscribed for under rights granted to the Directors and Audit & Supervisory Board Members, listed above, pursuant to the stock option plan approved on March 28, 2019 was 103,900 shares of common stock. The exercise price of the rights is ¥1 per share and those to whom stock acquisition rights are granted (the “Holder(s)”) shall be entitled to exercise all the stock acquisition rights together within 10 days (in case the last day is not a business day, the following business day) from after the date when they cease to hold any position as a director or an executive officer of the Company. The exercisable period of acquisition rights is from April 27, 2019 to April 26, 2049.

The number of shares that may be subscribed for under rights granted to the Directors and Audit & Supervisory Board Members, listed above, pursuant to the stock option plan approved on March 27, 2020 was 83,800 shares of common stock. The exercise price of the rights is ¥1 per share and those to whom stock acquisition rights are granted (the “Holder(s)”) shall be entitled to exercise all the stock acquisition rights together within 10 days (in case the last day is not a business day, the following business day) from after the date when they cease to hold any position as a director or an executive officer of the Company. The exercisable period of acquisition rights is from May 2, 2020 to May 1, 2050.

The number of shares that may be subscribed for under rights granted to the Directors and Audit & Supervisory Board Members, listed above, pursuant to the stock option plan approved on March 0, 2021 was 0 shares of common stock. The exercise price of the rights is ¥1 per share and those to